

**GOVERNMENT OF INDIA
HEAVY INDUSTRIES AND PUBLIC ENTERPRISES
LOK SABHA**

UNSTARRED QUESTION NO:2644
ANSWERED ON:01.08.2002
REDUCTION OF EXCISE DUTY ON AUTOMOBILE PARTS
SULTAN SALAHUDDIN OWAISI

Will the Minister of HEAVY INDUSTRIES AND PUBLIC ENTERPRISES be pleased to state:

- (a) whether the Society of Indian Automobile Manufacturers in a representation to his Ministry has asked the Government to reduce the excise duty from the present 32 to 24 per cent for such vehicles which are widely used in rural areas;
- (b) if so, the details thereof;
- (c) whether taking a note of sluggish growth in automobile sales in the past two years, the Government are considering rationalization of the excise duty on automobile parts;
- (d) if so, the details thereof;
- (e) whether his ministry has taken up the matter with the Ministry of Finance.
- (f) if so, the response of the Finance Ministry; and
- (g) the steps taken or being taken by the Government to make the automobile Industry viable?

Answer

MINISTER OF STATE IN THE MINISTRY OF HEAVY INDUSTRIES AND PUBLIC ENTERPRISES (DR. VALLABHBHAI KATHIRIA)

(a) to (f): In their Pre-Budget memorandum, a copy of which was sent to this Ministry, the Society of Indian Automobile Manufacturers (SIAM) did not make any specific representation regarding excise duty on vehicles used in the rural areas according to the Ministry of Finance. However, they had represented for duty reduction in general on motorcars and multi utility vehicles from 32% to 24% advalorem. The excise duty rate on automobile parts is 16% advalorem which is the CENVAT rate applicable to most of the commodities.

(g) In order to make the Indian automobile industry viable and globally competitive, government has announced the Auto Policy on 7th March 2002. To realize the objectives, the Auto Policy lays emphasis on rationalization of duty structure, incentivisation of R&D expenditure, promotion of alternate energy driven vehicles, upgradation and creation of testing infrastructure in the country and harmonization of standards. An Interactive Meeting on the problems and prospects of Indian automobile industry was held with the representatives of automotive industry in June 2002. Emanating from the discussions in this meeting, an Inter Ministerial Committee (IMC) has been constituted to coordinate implementation of the Auto Policy, steer resolution of Inter Ministerial issues and to remove impediments which hinder desired growth of the automobile industry in India. The Committee has already held its first meeting.